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SESSIONAL PAPER No. 190

A. 1914

REPORT

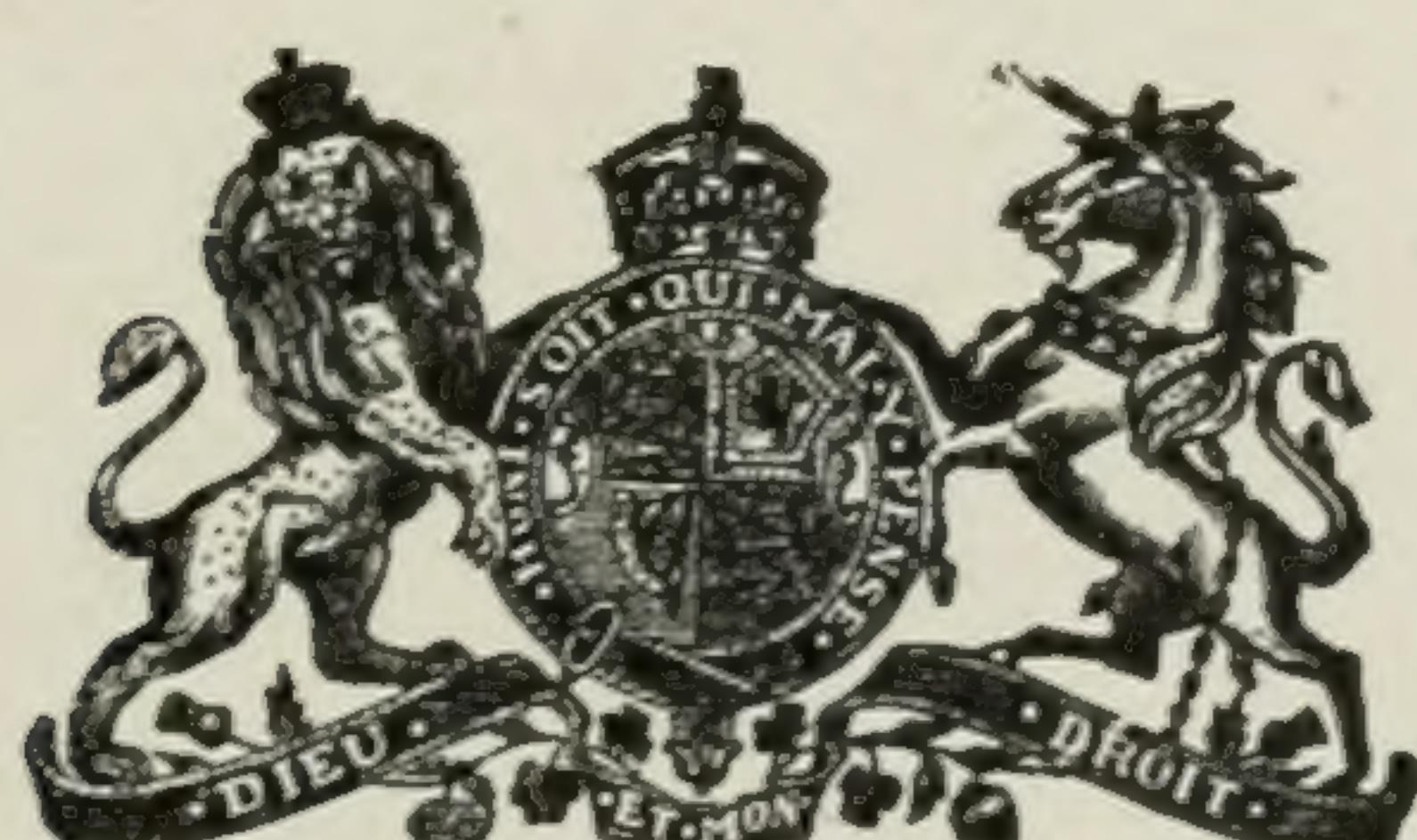
OF

THE COMMISSION

TO INVESTIGATE THE MATTER OF THE

TRENT VALLEY CANAL

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


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EXCELLENT MAJESTY

1914

[No. 190—1914]



Honourable FRANK COCHRANE,
Minister of Railways and Canals,
Ottawa, Ont.

Under authority of the Commission issued to me in that behalf, I proceeded to investigate the general administration of the Trent Valley Canal and the conduct of the employees and now beg to report as follows:—

Alexander J. Grant is styled Superintending Engineer and has under his jurisdiction all new construction work on the Canal.

Joseph H. McClellan is known as Superintendent and is in charge of the maintenance of the Canal.

I found it convenient to deal with the two branches separately and first proceeded to investigate the complaints referred to me in connection with Mr. McClellan's branch.

It is charged that grave irregularities occurred during the season of 1912 in connection with the purchase of certain explosives for use on the Canal.

For some years previous to 1912 Superintendent McClellan had purchased the explosives he required from the Kingan Hardware Company of Peterboro. In 1912 he shifted his patronage to Daniel Cinnamon, a hardware merchant of Lindsay. The particular explosive in question here, is known as 'Blasters Friend' and is manufactured by Dominion Explosives, Limited. This is put up in sticks or cartridges of different strengths, $1\frac{1}{4}$ and $1\frac{1}{2}$ inches thick and 8 and 12 inches in length. A case of the eight inch sticks weights fifty pounds, which from the evidence appears to be the usual weight of a box of explosives. The same sized case of twelve inch goods seems to average only about 35 to 37 pounds.

Robert G. Kingan, the President and Manager of the Kingan Hardware Company, who seems to be a very close friend of McClellan's, persuaded the latter to use a special make of Blasters Friend, known as 'Submarine Special', which is put up in sizes $1\frac{1}{2}$ x 12.

During 1912 three purchases were made as follows:—

May, 1912	1 ton
July, 1912	2 tons
September, 1912	1 ton

In the May shipment only forty cases went forward, the balance of the ton being retained in Kingan's magazine at Peterboro.

In the July order 112 cases should have been delivered, but only eighty cases were sent the Department. The remaining thirty two cases were taken to the Hardware Company's magazine.

All these explosives were for use at Lindsay and were checked on arriving there by Robert Hamilton, the foreman who had charge of the storehouse. Hamilton had weighed some sticks from a box of the May shipment and by counting the sticks had satisfied himself that there was a shortage in the order. He reported this to Overseer Samuel Clegg who was his superior officer, but the latter apparently did nothing about it.

When the eighty cases reached him on August 5, he weighed some of the boxes and checked up the weights and found a shortage of upwards of one thousand pounds. He reported this to Overseer Clegg and to Cinnamon and the following Saturday, August 10, told Accountant Bartlett about it.

The result of this discovery was that the Kingan Hardware Company delivered up forty two cases more to cover the ten cases short in May and thirty two cases short in July. All dealings with the Kingan people were conducted in a remarkable manner and are shrouded in a most suspicious atmosphere.

Kingan accounts for the shortage in both lots by saying he believed there was fifty pounds in each case. His evidence is that every time anything was added to or taken from the stock in the magazine it is noted in the magazine stock book, so that the stock book constantly shows a complete inventory of all explosives on hand. I file with this report this stock book marked exhibit 20. The entry of May 6th, 1912, shows that he had just put in stock fifty cases (presumably a ton) of special submarine. He knew that was all he had purchased. He purchased it purposely to sell to the Canal office because he says they were his only customers for it. Notwithstanding this, when a ton is ordered he ships out only forty cases and the ten cases improperly retained appear in his book at each stock taking thereafter.

Moreover, when the forty two cases are turned over to the Canal authorities the stock book shows that Kingan did not follow his rule of taking stock of the balance on that date, but, simply crosses out the entry of forty two cases where it appears under date of August 8th. He gave no reason for adopting this unusual method. The only reason I can conceive of is a desire to conceal the date of delivery.

Kingan secured an order from McClellan in the latter part of July for two tons of Submarine Special. It was shipped from the factory at Sand Point on July 29th as a part of a car lot. On August 1st Kingan wrote Cinnamon enclosing invoice, dated July 30 for 4,018 pounds and requested Cinnamon to bill the Department at once, dating his invoice 30th July and he intimates that an arrangement had been made to have the account certified and put through in the office at Peterboro. The bill dated July 30 is certified by Hamilton and Clegg and by McClellan, and sent to Ottawa by the latter with his monthly return. As a fact the goods were not shipped from Peterboro until August 2nd and were received by Hamilton on August 5th.

When the car of explosives reached Peterboro, Kingan gave his man orders to unload everything but eighty cases of Special Submarine which were to go to Lindsay and that was done. Thirty two cases belonging to the two ton lot ordered by McClellan were put into Kingan's magazine and remained there until August 28, when as a result of Hamilton's report of the shortage, McClellan spoke to Kingan and the latter turned these thirty-two cases along with the ten cases short in May over to Farein the Department storeman, and the Government subsequently paid seventeen dollars (\$17.00) to have it hauled to Lindsay where the vendor should have delivered it.

A cheque for 4,018 pounds, the full amount of the purchase, was delivered Cinnamon, but, at the instance of Hamilton and Bartlett he refused to pay Kingan until the matter of shortage was straightened out. Cinnamon was absent from home for a time but on his return he took the matter up with Kingan. On August 26th the latter wrote Cinnamon stating that the shortage on the order was in the Government storehouse. This statement he knew to be untrue as it was only turned over to Farein on August 28th. He further states in that letter that the officials at Peterboro knew all about the storage before they certified to the invoice for the full amount. Despite this assurance Cinnamon refused to pay until he knew the proper quantity had been delivered and my finding is that it was only on account of this refusal that the balance of the explosive was delivered. McClellan writes Cinnamon under date of 29th August advising him that "the balance of Blasters Friend was received here and placed in our magazine." The letter is purposely worded to give the impression that the shortage had been made good immediately it was discovered. Kingan's letter of 30th August to Cinnamon stating that the departmental officials purposely retained the balance of the order in Peterboro is contradicted by his own evidence under oath and is undoubtedly false. It was obviously written with the purpose of allaying suspicion against himself and heading off any investigation that might be serious in its consequences to him. McClellan's statement under oath that a part of the explosive had been taken off at Peterboro to be used at Balsover is in the same category. There was no work being done at Balsover and none in contemplation.

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On September 13, Cinnamon called upon the Superintendent and solicited a further order for Blasters Friend. McClellan refused him the order upon the ground that he didn't need any more. My conclusion is that at this very time he had an understanding with Kingan to take another ton which was afterwards delivered and billed through Cinnamon.

From a careful perusal of the correspondence filed herewith, the evidence taken under oath and the demeanor of the witnesses, I am forced to the conclusion that there was collusion between McClellan and Kingan. I am convinced that the explosive withheld by Kingan in May and in July was purposely retained. I am satisfied that if McClellan was not actively a party to it he at least knew of it and acquiesced in it. There can be no question but that an attempt was made to defraud the Government which would have succeeded except for the discovery made by Hamilton.

One is at a loss to understand why the Department should pay such a high price for explosives. Kingan buys it for nineteen cents F. O. B. at the mill. The freight rate is eighty-eight cents. He sells to Cinnamon for twenty-two cents and he in turn charges the Department twenty-seven cents. Either some ulterior motive or gross incompetency is responsible for such business methods.

Moreover, Cinnamon avers the goods were ordered and sent forward as a rule without his knowledge. His part in the transaction merely consisted of making out an invoice; adding five cents per pound to Kingan's price and taking this rake off as a profit for himself.

When undertaking to widen my field of enquiry into the general affairs of the maintenance department, I found on every hand insurmountable difficulties due to lack of complete records and confusion of those in existence. Until the present accountant, Mr. E. H. Bartlett took charge, there was absolutely no office system in existence; practically no pretense made of scrutinizing accounts, time slips, or pay sheets; no proper cash account and a woeful lack of records of any kind in connection with the business of the office.

This chaotic condition rendered it impossible to make anything like a full and complete examination of the affairs of the department.

This report sets forth a comparatively few of the irregularities and fraudulent practices in vogue in the office under Superintendent McClellan's supervision. He has not only practiced deception and dishonesty himself, but, has condoned it and winked at others and has proven himself hopelessly incompetent for the position he holds.

At the outset of the enquiry he expresses surprise when I point out to him that W. F. Nelson, who conducts a typewriting office in Peterboro, has been carried on the pay roll as a laborer and he says that it is an exceptional case and he knew of no others.

As the enquiry proceeds and these deceptions are unearthed and it is shown that bankers, lawyers, doctors, dentists, undertakers, barbers, merchants and almost every class of business and profession is represented on his pay sheets in a similar way, he confessed to such methods being an ordinary practice in the office over which he nominally presides. So far as superintending the Canal and safeguarding the public interests is concerned it is amply proven that there has been no serious attempt to do so. McClellan seems to have engaged himself largely with matters of political patronage and pleasure seeking jaunts at the public expense, and the bills for liquor and other refreshments and meals on the boat eloquently testify to his popularity as an entertainer. The evidence shows that these entertainments have ceased since the fall of 1911. The last bill for liquors and cigars to regale the guests of the Superintendent aboard the Bessie Butler is paid in October, 1911. The confectioners and grocers accounts have ceased since that date. The carnival of corrupt padding of pay-lists came to an end. But so far as control and management is concerned there is no improvement and cannot be under the present incumbent.

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Mr. E. H. Bartlett, the present accountant, has done a great deal to systematise the business of the office during the short time he has been there. He has inaugurated many reforms and evidently has a high sense of his responsibility as an officer of the department, and, had he more latitude could do much more to improve the efficiency of the work of the office.

It is impossible in this report to give a resume of all the eight hundred pages of evidence. The following, however, are a few cases of the deception continually practiced upon the Government and these are characteristic of the business methods followed and the reckless disregard of public interests displayed by the officials of this Department, and, particularly by Overseer Gordon and Accountant Clarry, former officials of the Department, and Superintendent McClellan and Overseer Clegg.

W. BURGOYNE who is a grocer at Fenelon Falls had his accounts for goods supplied the cookeries paid by being put on the time sheet as a laborer.

B. YOUNG, a grocer at Young's Point appears as a laborer on the time sheet for the amount of his grocery bill.

D. MCKERCHER, a veterinary surgeon and liveryman of Peterboro figures on the pay sheet several times as a laborer.

A. B. SPILLMAN drew a number of cheques as a laborer for work in and about Peterboro. Mr. Spillman is a hotel keeper at Hastings and never did a day's work on the canal. He was put on the pay roll to secure payment of board bills.

A. G. LAWLESS, the proprietor of hotel at Lakefield and Bobcaygeon, received cheques in a similar way as a laborer to meet his accounts for board against the Department.

W. W. DARCY, a Burleigh hotelkeeper figures on the pay roll for a team and teamster to meet the amount of his board bill.

HECTOR CAMPBELL, a hotelman of Kirkfield had a bill paid in a similar way.

Mr. BLADE, a florist of Peterboro, furnished flowers for decorative purposes about the locks. He furnished a wreath for the funeral of a deceased employee, and he furnished also a rather expensive bouquet presented to the Superintendent's daughter at the christening of the Bessie Butler. To pay for these flowers Mr. Blade is put on the pay roll as a laborer.

W. H. HAMILTON, a Peterboro grocer, had an account which was paid by putting him down as a laborer on Gull River.

T. LANE, the Superintendent, bought some pillows for one of the boats from Mr. T. Lane, a furniture dealer of Peterboro in 1910. These were paid for by putting Mr. Lane down on the pay roll as a laborer.

C. R. NIXON, boarded Mr. Charles Calcutt, the captain of a Government tug during part of 1910. The accounts are sent in to the Department and Mr. Nixon is put down as a laborer on the pay roll for sufficient time to cover the amount of the account.

A. GIBSON, a jeweller in Peterboro, figures as a laborer. The Superintendent says that this was to pay for badges for the lockmen, alarm clocks on the boats and such things as that.

WILLIAM F. NELSON, who styles himself as a broker and runs a typewriting office in Peterboro, figures almost monthly on the pay roll for years back as a laborer. He admits never having worked as a laborer. The cheques received by him were really to pay for typewriter supplies and typewriting in connection with an illustrated booklet on the subject of the canal published by Clarry, the former accountant.

E. A. FITZGERALD, a coal merchant of Peterboro, gets a cheque for team work in June, 1911. This was really to pay an account for oil and paint and included no labor.

GEOFFREY O'BRIEN, who runs a grocery and fruit store in Peterboro for the past five or six years says he has been selling supplies to the 'Trent Valley Canal ordered by Overseer Gordon, Superintendent McClellan or Farein, the storekeeper. Most of

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the goods went to the Bessie Butler to supply parties going up on her. O'Brien's account runs from fifteen to fifty dollars a month. Orders given by Farein were upon McClellan's instructions.

G. N. GRAHAM, proprietor of the Oriental Hotel, Peterboro, according to the pay sheet for October, 1907, is paid \$9.50 for six days labor.

This was to pay for meals at the hotel.

W. H. ROBINSON, the proprietor of *The Times* newspaper, Peterboro, had an account of \$3.60 in March, 1909. He is put on the pay sheet as a laborer and his account paid in that way.

E. SINGER. A pay sheet for August, 1910, shows E. Singer, laborer, 17 days at \$1.50, \$25.60.

Singer runs a second hand store in Peterboro and never worked on the Canal. The entry is put through to pay sundry small accounts,—\$2.50 to Gus Hay, an employee in Hall's Law Office; \$3.00 to John Gibson, an occasional canal employee; \$2.00 to Superintendent McClellan and the balance for parcels.

D. DENHAM. The pay sheet for July, 1911, shows D. Denham, laborer, 6½ days, \$10.00.

This young man was a student at Cornell University. In taking his summer holidays up the Canal he took some photographs and the Superintendent agreed to pay him ten dollars for some of them. It was paid under the guise of labor.

VINCENT EASTWOOD, manager of the Royal Bank at Peterboro, appears on the pay roll as a laborer at \$1.50 a day. There is no explanation forthcoming for this.

F. SANDY got a Government cheque for \$28.00 for alleged services as a carpenter in August, 1908.

Mr. Sandy is the Grand Trunk Station Agent at Peterboro and the account of \$28.00 was for a special train to Fenelon Falls to a meeting that was held there on August 22, by the Hon. Geo. P. Graham.

Mr. Hollingshead was Manager of The Bank of Ottawa at Peterboro at that time and of course was not an employee of the Government.

OZIAS LAPLANTÉ, a lawyer of Peterboro, figures a number of times on the pay sheet as a laborer.

H. S. McDONALD is a druggist. He apparently sold hair brushes and combs to the value of \$4.00 for use on the Bessie Butler. His account was paid by putting him down as a laborer on the pay sheet.

L. DEYMAN, a furniture dealer, got a cheque for a day's labor in July, 1909, at \$1.75 to pay for a feather pillow.

S. OKE is a fruit merchant and grocer. He supplied goods to the Bessie Butler on occasions and was put on the pay sheet to cover his account. For instance in July, 1909, he is paid for a team and teamster for three and a half days at \$3.50 making a total of \$12.25.

J. H. STAUNTON appears on the pay sheet as a laborer in 1909 and 1910. He is a
photographer at Fenelon Falls and never worked on the Canal.

HARRY LONG who used to keep a confectionery store in Peterboro and supplied sandwiches and other refreshments for some excursion parties up the canal, instead of having his account sent in the regular way is put on the pay sheet as working at the removal of stumps at Kirkfield and is paid as a laborer.

H. GAINY was paid for work as a laborer on a number of occasions during the year 1907. Mr. Gainey is a barber in Peterboro and never worked in the Government service.

W. J. O'BRIEN, a grocer of Peterboro, appears as a laborer.

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M. HOOVER is a cabinet maker and picture framer in Peterboro. Throughout the years 1908, 1909, 1910 and 1911 he has been paid a considerable sum of money as a laborer on the canal works. This was to pay accounts for picture framing, etc.

F. W. DOAN. In October, 1907, thirty nine dollars (\$39.00) rental due The Bell Telephone Company for telephone at Superintendent McClellan's residence was paid by cheque to F. W. Doan an employee of the Bell Telephone Company and charged against repairs to booms, slides and dams. A similar account was paid in the same way in October, 1907, and again in June, 1908. There is no explanation of this. If, as McClellan says, the Government was to pay for a telephone in his house one can conceive of no reason for putting the accounts through in this way.

R. M. ROY. Charged against improving and clearing drowned lands on Balsam Lake in November, 1908, is one dollar paid to R. M. Roy, a photographer of Peterboro for photographs. In December there is a similar item of two dollars. In fact, Mr. Roy appears frequently for several years on the pay roll. In 1909, Mr. Roy was paid \$15.65 as a laborer which was really for photographs.

A. CARR is undoubtedly an assumed name for some one who drew pay regularly as a laborer during 1906, 1907, 1908 and 1909. After exhaustive inquiry I was unable to find any one of that name who had ever been in Peterboro. The Superintendent himself admitted that he could not see where the Government ever got value for some three hundred dollars paid to A. Carr in this way. It is certainly a most glaring piece of fraud practised upon the Government.

The Peterboro Examiner appears to have had frequent accounts put through as labor in the name of some of the Company's employees.

In Jan., 1907, J. Clark is paid for 6 days work as a laborer at \$1.50..	\$ 9 00
In March, 1907, 7 days as laborer at Gull River at \$1.50.. . .	10 50
In May, 1907, J. Clark, 6 days at \$1.75, repair booms, slides and dams.	10 50
In June, 1907, 7 days at \$1.50..	10 50
In August, 1908, J. Clark, 10 days, laborer at \$1.75.. . . .	17 50
In September, 1908, J. Clark, laborer, 10 days at \$1.75.. . .	17 50

Clark was an employee of the Examiner Office and never did any work on the Canal. The Superintendent swears that Clark did not labor for this money, nor, did the Department owe these accounts to the Examiner.

PAT. HOGAN. In the years 1905 and 1906 Pat. Hogan was paid as a laborer on several occasions. Hogan is a hotelkeeper in Peterboro and never worked on the Canal. Presumably this was to pay board bills, but there is no record to show this.

Mrs. KEARNEY. It is shown in evidence that McClellan built a verandah for Mrs. Kearney and the Government paid and boarded the men while doing it. He says that she still owes for this work, but, there is no record in the office and he admits that she has never been billed with any account. (Page 168).

GEORGE WILSON (Page 670) who is called a walking boss, does work that the Superintendent says is a part of Overseer Clegg's duties, and should be done by Clegg himself. He draws \$75.00 a month although McClellan says he is unnecessary and his services should be dispensed with.

JACKSON'S MEAL ACCOUNT, JULY, 1908. Pay sheet shows there were 146½ days at three meals a day, making 439 meals Jackson gave for the month of July at 14 cents, making \$61.46 due him for that month. He was paid \$120.54, although McClellan certified for this, he admits that he has no explanation. (Page 469 and 470).

In the month of May Jackson served 643 meals at 14 cents which would amount to \$90.02. He was paid for 929 meals totalling \$130.06. There is no explanation for this. These accounts with many similar ones were made out in the Superintendent's office and certified by him and sent to Ottawa for payment.

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WILLIAM HEWITT is caretaker of some small dams at Hawke Lake. He is paid \$1.75 a day and board and the free use of a house and fuel owned by the Department at Hawke Lake. He has been permitted to buy provisions and furnish his house. For June, 1910, his grocery bill at one store was \$10.26; July \$34.40; August \$73.54; September and October \$27.02. It is obvious that no attempt was made to control this expenditure and from the nature of the goods purchased. Mr. Hewitt lived both luxuriously and extravagantly. It is costing the Government at least twelve hundred dollars a year to maintain Mr. Hewitt at a job that should not cost half that. As a result of the disclosures elicited in my investigation McClellan cancelled this improvident arrangement with Hewitt and engaged him at \$60.00 per month, and even this rate of wages is in my view excessive.

B. A. Rose, a Grand Trunk Ticket Agent at Peterboro, appears constantly throughout the pay rolls for several years until 1911 as a laborer. In many cases this is for tickets purchased by employees outside of the regular monthly tickets given for proper transportation on Government business. In some cases Mr. Rose denies receipt of the money put through in his name. It was impossible to trace the parties who got either these tickets or the money.

PATRICK J. KENNY, who conducts a liquor store in Peterboro, is almost constantly on the pay roll as a carpenter from December, 1908, to the fall of 1911. I have filed with this report a verified copy of Kenny's account showing that he was paid nearly six hundred dollars (\$600) for liquors and cigars in about three years. As far as I can trace it, practically all of these refreshments were to equip the Bessie Butler for numerous pleasure parties, some of which were conducted under the guise of official inspections. McClellan denies that any of these goods went to his house, although Kenny says that a substantial order was delivered there for Xmas 1908. The evidence shows that some twenty-five or thirty dollars worth of liquors was purchased and paid for each winter when the boats were out of commission. I was unable to trace the delivery of the winter supply. Kenny testified that all these goods were ordered by McClellan and Farein. The latter says that he ordered only upon instructions from the Superintendent and McClellan acknowledges this and admits his full responsibility in the matter.

The evidence shows that J. Young was not a laborer and never worked on the Canal. He is a steamboat man at Young's Point. Superintendent McClellan engaged the boat for an excursion to Fenelon Falls at \$125.00 and says that it was for the use of departmental officials and their friends. Young says the party was largely made up of Peterboro people.

If there was nothing to conceal one cannot understand why Young's account should not be paid regularly as an account instead of his name being falsely entered on the pay roll as a laborer.

In December, 1908, fire did some small amount of damage to the kitchen on the Bessie Butler. McClellan reported to the Department that it would take some two or three hundred dollars to put her in repair. Apparently without authority from anybody, except that he says he spoke to Mr. Butler about it, he expended upwards of \$2,200 in rebuilding the boat on an extravagant scale entirely unnecessary and unwarranted.

ROBERT PINETT has been employed as a cook on one of the Government boats for a number of years. In 1909 he was paid a monthly salary and twenty cents a meal for the crew and workmen, and thirty five cents a meal for officials' guests, etc. He kept track of the number of meals and sent a statement to the office monthly. The account for meals run into very large figures. There had been a great many excursion parties up the canal. When the season closed there was seventy dollars due

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Pinett, much of which was for McClellan's family, relatives and guests. Pinett worked for the Department until the middle of January, 1911, but was idle from that until the 10th of March. He was kept on the pay roll, however, at \$1.50 per day throughout January until the seventy dollars was paid. In March, 1911, McClellan hired Pinett at sixty dollars a month to cook for a gang of men at Lakefield. Pinett was directed to keep track of the number of meals and send in a statement to the office. He did this and this statement was sent to Ottawa and a cheque for the amount at fifteen cents a meal was forwarded to the Peterboro Office in Pinett's name. Pinett was required to endorse this and the Peterboro Office paid the accounts and somebody, not entitled to it, retained the balance. For instance, in April, 1911, the account for meals sent to Ottawa and paid was \$156.00. Out of this Pinett was paid fifteen dollars to make up the difference between his regular salary of \$45.00 and the amount promised him by McClellan. The account for supplies was \$101.00 so that there was forty dollars rake off in that month's business for somebody. In other words some one stole forty dollars from the Government.

This arrangement with Pinett was made by the Superintendent himself and he must have been cognizant of the facts.

In the year 1912 a small boat called the *Manita* was rented by McClellan from William Robinson for use on the canal at \$8.00 a day; McClellan agreeing to do whatever repairs were necessary for this purpose. Rent was paid for her from 26th of May to the 12th of June while she was being repaired. Rent was paid for her also for six days while she was being laid up in the fall. The spring repairs cost \$259.12. She worked twenty-six days for the Engineer's Department for which they paid McClellan's Department \$208.00. She worked for McClellan's Department twenty-seven days during that season. The balance of the time she worked for Sir William Mackenzie who paid Robinson \$8.00 a day for her. McClellan sent the whole outfit on to Mackenzie's work and Mackenzie paid rental, wages and maintenance while actually on the work. McClellan's Department paid for delivering her at Mackenzie's work and paid for her while returning from the work. Robinson complained that the boat had been badly used and seriously damaged and McClellan in the spring of 1913 spent \$331.00 on repairs. The result of operations with this boat is that she cost in repairs 1912,—\$259.00; 1913,—\$331.00; rent,—\$504.00; total, \$1,094.00, received from the Engineers \$208.00. The net cost of the boat to the Government was \$886.00 for twenty-seven days work or about \$33.00 a day. (Page 451.)

C. C. HUYCKE. The name of C. C. Huycke appears regularly on the pay roll in McClellan's office for the past seven or eight years at \$25.00 a month as caretaker at Healey's Dam. He lives two or three miles out of Hastings and eight miles from the dam he is supposed to have had charge of. When required to do work at the dam it was necessary to telephone to Hastings and send a message with a liveryman out to his house. Then he drove the eight miles to fulfill his orders. The Government paid the telephone and the livery. In November, 1909, Deputy Minister Butler instructed McClellan that Mr. Grant would have control of the waters between Healey's Falls and Hastings during the construction work there. McClellan wrote Grant enclosing a copy of Butler's letter and told him that he had notified Huycke that instructions would be given him from the Engineer's Department thereafter. Mr. Grant did not even acknowledge McClellan's letter. He gives as his reason for ignoring the letter that he did not consider he was in any way under McClellan's direction. He admits that there is a bitter feeling between the two offices and went so far as to forbid his men having anything to do with Huycke. He knew that Huycke was a Government employee and must have known that he would continue to draw a salary for doing nothing. In my opinion his duty was to have written McClellan telling him that he did not require Huycke's services and the country would have been saved \$300.00 a year. In his actions Grant appears to be actuated more by enmity towards McClellan and his own vanity than the safeguarding of the public funds. The result was that

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Huycke remained on the Government pay roll and was paid through McClellan's office. Grant paid no attention to him; McClellan gave him no instructions. He has been drawing \$300.00 a year for which he has done nothing but sent to Peterboro weekly reports of water levels taken from a stake placed in the water at the foot of his farm. His position is a sinecure and he should be discharged.

RENTALS.—While under examination in September 18th, McClellan admitted having in his possession \$15.000 belonging to the Department which he had received by registered letter on April 25 previous from one Grylls as rent. Written demand was twice made upon Grylls while McClellan had the money.

On another occasion he admitted having received ten dollars from the Provincial Treasurer for the storage of a patrol boat. This never reached the public Treasury although the cheque is endorsed by McClellan. Nor are these the only instances of this kind as a perusal of the evidence will show.

There is a large amount of rentals for power and lands paid into the Superintendent's office each year. No attempt was ever made to keep a separate account of these. The Superintendent deposited everything to his private credit and chequed money out on his personal cheque. When public moneys were received by him instead of remitting direct to Ottawa he deposited the money to his own credit and had the use of it for months sometimes, before he remitted to the Receiver General. Examination of his various bank accounts shows that had it not been for the deposit of Government funds he would have had almost constant overdrafts and would have been unable to issue cheques against his own account. In other words he improperly diverted to his own use the public funds.

McClellan never had any official or office account but carried private accounts at different times with the Ontario Bank, the Bank of Montreal, the Royal Bank, the Bank of Ottawa and the Bank of Commerce. All these accounts appear to have been conducted on the same principle. (Page 427).

In 1910 his deposits in the Bank of Commerce amounted to \$12,452.00. Had he deposited his whole salary, which he did not do, it would only account for \$2,000.00 of this deposit. The balance of his deposit amounting to \$10,452.00 is made up of at least \$3,349.71 of Government funds and moneys received by him in connection with the winding up of some companies in which he and his son were interested. A large part of the amount he admits was money belonging to the Government.

W. H. DUNSFORD, manager of the Bank of Commerce (Page 472) says McClellan would not have been able to issue cheques against his own account if it had not been that he was depositing public funds to his own credit.

In the summer of 1910 McClellan sent a dredge to Lindsay to do work for John Ritchie & Company for which they paid to McClellan \$550. This money was never paid to the Government and McClellan is unable to account for it. His statement is that he may have drawn the cash for it and left it with Clarry the accountant to hand over to one Davidson for the Liberal Campaign Fund. (Evidence page 393, 394, 469 and 470). He admits that large sums of money that should have been remitted to Ottawa were contributed to the Liberal Election Fund. In a short investigation in the hopelessly muddled account I was able to trace about \$2,000 which he says went in that way made up as follows:—

Three cheques of \$514.00, \$480.00 and \$482.00 respectively received for empty cement sacks, and a cheque of \$550.00 received from John Ritchie for dredging. He says when he went on the canal he was told by Hon. J. R. Stratton that there should be an election fund of from five to seven thousand dollars a year from the canal office and that he proceeded on that basis.

GEORGE A. MOTHERSILL. Auditing Engineer, and Superintendent McClellan appear to be very close friends and considerable correspondence concerning official matters but marked "private" have passed between them. Some of these are in my view highly improper, even if they are not to be characterized more seriously. For

instance a pay sheet reaches Mothersill for audit in December, 1909. Amongst the accounts is one from Wm. Jackson, a cook, for 444 meals at fifteen cents, making a total of \$66.16 to be charged to a wharf at Juniper Island. Mothersill writes a "private" letter to McClellan returning the account, pointing out that the Juniper Island appropriation "will not stand" that amount and tells him there is only a balance of \$30.59 in that account "or about 219 meals". A new account dated the same is immediately returned for 219 meals and was put through.

Again in October 18th, 1912, Mothersill writes privately to McClellan returning some irregular voucher and warns him that there may be persons on the lookout for any such irregularity. To my mind these are most remarkable letters to go from an auditor to the man whose accounts he audits. They throw some light on the reprehensible departmental methods that have obtained.

SAM. CLEGG. An overseer on McClellan's staff signs time slips and pay sheets including the name of persons who have never worked on the Canal, but some of whom have accounts of various kinds. He admits that this was a very general practice and that it was entirely wrong to do it.

Mrs. BURRETT is the wife of the Lockmaster at number three lock. She was paid several sums as a laborer on the canal during the years 1905 and 1906. The Superintendent thinks some of these payments were to pay accounts for boarding canal employees when working in the vicinity during the summer. There are a number of payments made to her as a laborer during the winter. McClellan suggests that this was probably to cover work done by her husband who is a lockmaster, so that he could be paid not only his regular salary as lockmaster, but draw double pay in this way. I find this same Mrs. Burrett on the March, 1910, pay roll in the engineer's department.

L. McFARLAND is a daughter of the Lockmaster at Lovesick. During the years 1906 and 1907 she was paid substantial sums as a laborer. Her time being certified to by her father Wm. McFarland the lockmaster at Lovesick.

After delving into the affairs of the maintenance department sufficiently to satisfy myself as to the necessity of a complete reorganization and the elimination of a number of the present staff, I visited the office of the Superintendent Engineer. The result of my enquiry there is as follows:—

GEORGE H. GIROUX, of the Superintending Engineer's office is styled clerk of works. His duties, according to his own statement, consist of checking over accounts pertaining to the staff, looking after the letters coming through the office and taking care of office plans and making blue prints. There are some eight or nine branch offices along the canal each in charge of a district engineer and all under the Engineer's Department. Pay sheets are made up at each branch and certified by the engineer in charge and sent in once a month to Grant's office. Giroux takes these along with the Peterboro office pay roll and sends them to Ottawa and when the cheques come back he sees that they are sent out. This embodies all his duties as accountant. The plans for the different works are taken care of by him; he makes whatever blue prints are required. Information was given me that in August, 1912, Mr. Giroux had improperly charged to the Department some items of expense that were purely personal. On the 22nd August, 1912, he drove his family to Chamong Lake to a regatta. The livery was four dollars and he put it through and had it paid for by the Government. A few days afterwards he made a trip to Campbellford. As he puts it, it was purely a pleasure trip to see the work there and the expense of this trip was put through on Government account. Mr. Giroux says that the Superintending Engineer knew of these things and approved of them and Mr. Grant admits this. Of course, such charges, however trifling in amount, are entirely irregular and improper. Mr. Giroux admits that he made and sold during the past seven or eight years blue prints for every one who brought him plans and asked him to do such work. The paper used for the purpose belonged to the Government and they were made on Government machine and Giroux's time belonged to the Government. Mr. Grant knew of this and permitted it.

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ALBERT JAMES RADDON, who styles himself Cement Test Clerk and Photographer, has been in the employ of the Department since August, 1896. His duty is to make tests of the cement used on the works. He not only tests the cement for the Government, but made a business of testing cement for others. He admits having done this and says it was with Mr. Grant's permission he did it. In the years 1907, 1908 and 1909 he tested in the Government office with the Government apparatus, one hundred and sixteen cars for outside parties, for which he charged for his own use three and four dollars a car. Even as late as November last year he made tests for outside parties and was paid for them. That sort of thing is highly reprehensible and should not be permitted.

ROBERT FRANK RADDON was a sort of handy man around the premises. He was originally taken on as a helper to his brother, A. J. Raddon, in the cement room. He says, and his brother corroborates him, and Mr. Grant admits, that he worked a great deal about Grant's house. In fact my conclusion from the evidence is that his duties about the office were very light; a good deal of his time was spent looking after Mr. Grant's private requirements. He was discharged by Grant as a result of a quarrel with Mrs. Grant and it has not been found necessary to replace him. This fact alone would lead one to the conclusion that he was retained largely for Mr. Grant's private service. Mr. Grant says that at the request of Hon. J. R. Stratton he found him a different position at Healey's Falls after dispensing with him at the Peterboro office.

JAMES ANDREW HADCOCK has been in the employ of the Government under Mr. Grant since 1909. He says that he has not any regular engagement but is paid five dollars a day when working. His salary was fixed by Mr. Grant. In the summer of 1913 he was employed at dredge work until the 15th of November. From the 15th to the 24th he was idle. On the 24th he went to Trenton as inspector of lockgate construction. He was paid for the week he was idle on Mr. Grant's instructions. Hadcock acted as timekeeper on the dredge work. He made up his time book showing that all the men ceased work on November 15. He was totaled up and certified to by Mr. Cameron the engineer in charge of that work. Hadcock afterwards altered his time book to make it appear that he had worked that week, although as a matter of fact, he was not working. This alteration cost the Government thirty dollars (\$30.00). Mr. Grant takes the responsibility for this and approves of it upon the ground that he has the right to give a man a few days when he sees fit.

Roger, Miller and Company, the contractors who are building the lock gates at Trenton, shut down their work on December 20. Hadcock says they were shut down for eight days during which time he was at his home in Peterboro.

Mr. J. B. BROPHY, who is the engineer in charge of the division where Hadcock was working, had to certify to his time. In making out his December pay sheet he left Hadcock's time and salary blank as he had no instructions from Mr. Grant in the matter. When he brought his pay roll to head office Grant instructed him to give Hadcock full time. In January, 1913, Mr. Hadcock took a trip to Buffalo to buy a motorcycle for himself and was gone, accordingly to his own story, not less than three days. He signed his own time sheet certifying that he was on the works during that three days and was paid his regular wage. He says Mr. Grant knew of this and approved of it. Hadcock, according to his time book certified by himself, spent from November 14, 1912, to February 15, 1913, in all 81 days at five dollars a day, building three ordinary flat bottom punts worth, at his own estimate, thirty five or forty dollars a piece. These punts cost in labor four hundred and five dollars (\$405) besides the material used. Hadcock says he did this under Grant's instructions and in fact Mr. Grant assumes full responsibility and says that he was simply finding something for Hadcock to do so that he would not leave Peterboro and would be available for the spring's work. Mr. Hadcock admits that every other winter he was idle for some months and still he has always been available at the opening of the season. And even during 1913 he was idle from February 15 until June according to his own statement.

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ALEXANDER JOSEPH GRANT has been Superintending Engineer of the Trent Canal since the first of April, 1906.

Although not a civil engineer Mr. Grant lays claim to long experience in engineering work. One of his first works on the Trent was the designing and construction of the dam at Buckhorn which was built in 1907 and 1908 at a very large cost. In 1913 alterations to the amount of \$4,229.00 were necessary to make the dam conform to the requirements for which it was originally constructed.

I discussed with Mr. Grant at considerable length the organization of his office and the staff. Although in my view there is a lamentable lack of system he appears to think it satisfactory.

Although there is a very large amount of valuable plant belonging to the Government in the hands of this Department there never has been any inventory of it made or maintained. There is a dredge, a couple of houseboats, gasoline boats, row boats, canoes, stoves and tents and all varied equipment, amounting to a very large sum in value, necessary to carry on the work along the whole length of the Canal. No record of this is kept and nobody seems to be responsible for its care. Some few articles are kept in a storehouse. The storehouse man says that he has no instructions to keep track of things. When anything is brought to him he puts it in the storehouse; when any one asks for anything he hands it out. This seems to me to be a serious defect in management and must inevitably result in loss and waste.

There is no office organization of any kind in existence; absolutely no books are kept and there is no attempt at accounting of any kind. The only records in existence are copies of the accounts and pay sheets that are sent to Ottawa. One would expect to be able to turn to some book or record and find a summary of the cost of any particular work, or, the year's accounts with any particular firm. To get such information at present the individual accounts and pay sheets have to be gone over and the facts gleaned from them.

Mr. Grant should have closer supervision over the office and his staff and the reprehensible practices permitted should never have been allowed. He is aware and has permitted Raddon to make a profit from his position by testing cement for outside parties. He has been aware and approved of Giroux making a business of furnishing blue prints to the public for his private gain. He kept no man about his own residence, but made use of the services of Robert Frank Raddon, an employee of the Department, as a man of all work about his own premises. He certified to expenditures made by Giroux on his private account and had them paid by the Department. He has certified to Hadcock's time on a number of occasions when Hadcock was not working and he takes the ground that he has the right to do that.

It is little short of scandalous that without any justification whatever an employee should be retained at five dollars a day for eighty one days building three rough board punts which, as a matter of common knowledge we all know, can be bought for from fifteen to twenty dollars each.

A large item of expense in connection with the engineer's office is livery account. This office expends in this way from four to five hundred dollars a year. My attention was directed from complaint I had received, to an investigation of the account of Jones' Bros. This account shows an expenditure as follows:—

1910.....	\$171 25
1911.....	235 25
1912.....	152 50
1913.....	83 25

The substantial falling off in 1913 is due to the use of automobiles instead of horses.

This account is exclusively Mr. Grant's. The evidence shows, and Mr. Grant admits, that a considerable part of this expenditure was incurred by Mrs. Grant. He attempts to justify it in many cases by explaining if he were going away she had a

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livery go for her an hour or two before the train and she drove about until train time and then drove him to the train. If he were coming home the livery came early for her and she used it until time to meet him at the train. He apparently does not regard seriously the fact that the extra driving by Mrs. Grant costs the country just the difference between a fifty cent hack which would take him to or from the train, and a charge of from two to five dollars according to the length of the time Mrs. Grant used the rig. Moreover, if it were only an occasional occurrence one might overlook it. But it has been the common practice and runs into a very substantial amount of money. But even this explanation does not apply to all the livery rigs made use of by Mrs. Grant. There are on his own statement a number of occasions when Mrs. Grant made use of the livery that was charged to and paid for by the Department when Mr. Grant was away from home entirely.

In the year 1911 the dredge *Holland* was purchased by the Department on the recommendation of the engineer at the cost of upwards of \$16,000.00. She is a combination of orange peel and suction dredge. She originally belonged to a firm of contractors who were working on the construction of the Newmarket Canal. The contractors made default in their work and the dredge might have been confiscated by the Government at that time. She was transferred by the owners to the Standard Bank from whom the Government purchased her. Mr. Grant informs me that the original purpose was to use her on the Holland River where the excavation consisted of loose earth and silt. She was brought to Peterboro and tied up on the bank of the canal where she still lies. Mr. Grant says that she was never made use of because the Newmarket canal was abandoned subsequently to the purchase. The evidence of every one whom I questioned upon the subject is that her machinery is a splendid type and in excellent condition.

In the storehouse in connection with the maintenance department there is almost a complete outfit of dredging machinery, bought some years ago with the alleged purpose of constructing a dredge.

Notwithstanding the fact that these two dredge outfits were available and could surely have been utilized, a new dredge called the *Auburn* was built by Mr. Grant in 1912. His original estimate was about \$19,000.00 while the cost amounted up to \$26,000.00. The engineers seem to have taken upon themselves to build this dredge without any appropriation being made therefor. The *Auburn* is what is known as a clam shell dredge and the material that she is best adapted to handle is much the same as the class of work for which the *Holland* was intended.

What strikes one as most remarkable is that the Government should have locked up not less than \$25,000.00 or \$30,000.00 in two dredge outfits and a third dredge is built without any attempt at utilizing any of the splendid machinery or parts already on hand. In other words the Government has invested from fifty to fifty-five thousand dollars in dredge plant and have but one operating dredge costing \$26,000.00.

My observation together with the strongly expressed opinion of all the officials, convinces me that the system of administration of the affairs of the Trent Valley Canal is entirely wrong. There should be one supreme head in control of everything connected with the Canal. Under this central authority it might be well to maintain a construction department and a maintenance department, but the control of affairs should be vested in one official. Experience has amply demonstrated the failure and folly of the present system. With the offices divided, as they are to-day, with a separate official at the head of each branch, there is constant conflict of jurisdiction, overlapping of authority, frequent disputes and continuous friction. This has been productive of such marked enmity between the two offices that the official heads make no attempt to conceal their ill will towards each other. Such a condition, of course, is subversive of all discipline and inevitably militates against efficiency.

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By putting the whole Canal service under one capable man (and if possible houseing the staff in one premises) a very substantial reduction of rentals could be made; the number of the staff could be largely reduced; much duplication of plant would be avoided and more economical, efficient and businesslike administration would result.

Appended to this report is the notes of evidence and the exhibits referred to therein.

All of which is respectfully submitted.

(Signed) G. HOWARD FERGUSON,
Commissioner.

Dated at Kemptville, Ont.,
February 18, 1914.